

FISCAL NOTE

HB 2319 - SB 2382

February 5, 2000

SUMMARY OF BILL: Creates the Uninsured Employers Fund as an account in the general fund. The Commissioner of Labor and Workforce Development shall administer the uninsured employer's fund. The fund may receive revenues that shall include all penalties assessed and collected from uninsured employers and amounts recovered from employers representing payments made by the fund to injured workers. The fund shall be used to pay benefits to injured workers eligible for benefits and for payment of expenses related to the administration of the program. The Commissioner is authorized to retain a third party administrator by contract to administer claims under the commissioners supervision and to retain private counsel to defend the uninsured employers fund with the approval of the governor and the attorney general and reporter. The governor, the attorney general and reporter and the comptroller of the treasury may jointly agree to delegate to the Commissioner the authority to settle claims against the fund under whatever conditions the three officials agree to be appropriate. Authorizes the Commissioner to delegate to a third party administrator such settlement authority, as the Commissioner deems appropriate and lawful. Monies in the fund created by this bill would be invested in the pooled investment fund. Authorizes the Commissioner to promulgate appropriate rules and regulations.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$2,000,000/Uninsured Employers Fund

Increase State Revenues - Exceeds \$1,000,000/Uninsured Employers Fund

Estimate assumes:

- Increased state revenues in the Uninsured Employers Fund from amounts recovered from employers as the result of payments made from the fund to injured workers and penalties assessed and collected from uninsured employers.
- An increase in state expenditures in the Uninsured Employers Fund for benefits paid to injured workers from the fund. For information purposes, the estimated average cost of a workers compensation loss time claim in Tennessee is approximately \$21,500 based on information received from the Department of Labor and Workforce Development.
- Increased expenditures in the Department of Labor and Workforce Development to administer the Uninsured Employers Fund. Estimate assumes the addition of 4 employees and related expenses. All administrative expenditures are to be paid from the fund.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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